

# WASHINGTON STATE GAMBLING COMMISSION

## RAFFLE

## LICENSEE

## TRAINING

The purpose of this document and training class is to introduce you to the rules governing the operation of RAFFLES in Washington State. The training will consist of general rules you should be aware of and record keeping requirements. Also included is information concerning qualifications for licensing of a bona fide charitable/nonprofit organization.

This training handout provides a paraphrased summary of rules and regulations. The WAC reference is on the left side of the page. For the actual text of any rule, refer to your rules manual. While all efforts are made to ensure that this handout is accurate, in cases where this document and the text of the rule may not agree, the rules manual should be considered the correct source document. The date on the cover sheet of this handout indicates the latest revision to reflect rules changes by the Commission.

This material has been divided into the following sections:

- I. UNLICENSED RAFFLES
- II. DEFINITIONS
- III. THINGS TO KNOW BEFORE YOU START
- IV. CONDUCTING YOUR RAFFLE
- V. RECORD KEEPING

## **I. UNLICENSED RAFFLES**

### **RCW 9.46.0321      Bingo, raffles, amusement games--No license required, when.**

1. Gross revenue does not exceed \$5,000.
2. No more than twice each calendar year (no time limit).
3. Management and operators must be volunteer members 18 years of age or older.
4. Net proceeds devoted to organization's purpose.
5. Notify law enforcement five days in advance.
6. Records must be retained for one year.
7. Tickets may be sold to general public, as well as to members.

### **RCW 9.46.0315      Raffles--No license required.**

1. Gross revenue does not exceed \$5,000.
2. Tickets sold to members only.
3. Prizes awarded to members only.
4. Only regular members 18 years of age or older may sell tickets.
5. "Member" shall mean only those persons who became members prior to the commencement of the raffle and whose qualification for membership was not dependent upon the purchase of a ticket.
6. No restrictions on the number of raffles to be conducted.
7. Records shall be retained for one year.
8. Unopened container of alcohol may be offered for prize if the proper permit has been granted from Liquor Board.

### **RCW 9.46.0277      Limitation on cost of single raffle ticket**

Individual raffle tickets may not be sold for more than \$25.

**NOTE:** If your organization is currently licensed to conduct bingo, raffles, or amusement games OR your organization has conducted two bingo, raffle, or amusement game events (or any combination of these three events) within one calendar year OR has made \$5,000 within the calendar year of the above listed activities, the organization would not be authorized to conduct the raffle as authorized under RCW 9.46.0321.

## **II. DEFINITIONS**

**230-02-418**

### **Gambling manager defined**

The raffle manager is any member or employee who has the ability to, directly or indirectly, exercise a material degree of control over the operation of the raffle or the disbursement of funds generated from the raffle. The following individuals shall be deemed to be raffle managers:

1. Any member or employee who has the primary responsibility to supervise the operation of any raffle;
2. Any employee of the organization who has been assigned the responsibility of supervising another gambling manager by the governing board; or
3. The employee who has been delegated the highest level of authority over the day-to-day affairs of the organization and who is responsible for the disbursement of funds generated from the raffle and/or safeguarding assets purchased with funds generated from the raffle.

**230-12-079**

### **Duties and responsibilities of a (raffle) manager**

The raffle manager shall be knowledgeable of the rules and regulations for raffles. The manager shall be responsible for supervising the operation of the gambling activity, including all ancillary activities conducted in conjunction with the raffle, and for safeguarding funds or other assets generated from the raffle which are under their control. This responsibility is fulfilled by ensuring that:

1. The public is protected from fraud;
2. Participants are reasonably protected from physical harm;
3. Activities are conducted in a manner that ensures fair and equal participation by players;
4. The organization is reasonably protected from illegal acts committed by players or workers;
5. All records are completed and correct;
6. All money derived from the gambling and ancillary activities are safeguarded until transferred to a guardian designated by the board and/or officers or directly deposited in the organization's bank account;

7. All assets of the organization that are under the control of the raffle manager are protected from misuse or theft; and
8. All funds generated from the raffle that are under the control of the raffle manager are disbursed or invested in accordance with the directions of the officers or governing board of the organization and used solely to further the purposes of the organization.

**230-04-145**

**Licensing of (raffle) gambling manager**

Gambling managers for raffles are not generally required to be licensed. However, the rule does require licensing for "the employee assigned the highest level of authority by the officers or governing board of directors to manage the day-to-day affairs of the organization and who is responsible for safeguarding assets purchased with gambling funds or managing the disbursement of gambling funds when:

1. The organization is licensed to receive more than three hundred thousand dollars in gross gambling receipts (Class F raffle license); or
2. The organization has an established trust and/or endowment fund and gambling receipts in excess of one hundred thousand dollars have been contributed to such funds.

Application of this rule to raffle licensees has not been determined. Class F raffle licensees should contact the commission to determine whether their manager will need to be licensed.

**III. THINGS TO KNOW BEFORE YOU START**

**230-20-050**

**Use of proceeds.**

No part of any proceeds shall be used for the benefit of any person other than the organization conducting the activity. If any proceeds are to be designated or used for an individual, the organization must receive written approval from the Commission prior to conducting the activity. Written requests may be sent to the licensing manager at Commission headquarters in Lacey.

**230-12-078**

**Independent Management Control Structure Required**

The officers and board of trustees are responsible for implementing and maintaining an operating environment that ensures: gambling activities are closely supervised and operated in accordance with Commission rules;

gambling proceeds go to the organization and are used for its stated purpose; and all assets are protected from misuse.

The operating environment should include a system designed to: reduce errors; minimize the risk of misuse, theft, fraud, and embezzlement; safeguard assets; and ensure the records/reports are complete and accurate.

**230-04-202**

**License sizes - based on annual gross receipts**

Class A	Up to \$ 5,000
Class B	Up to \$10,000
Class C	Up to \$25,000
Class D	Up to \$50,000
Class E	Up to \$75,000
Class F	Over \$75,000

**230-20-350**

**Licensees may join together to conduct a raffle.**

Any two or more organizations, each with its own raffle license, may conduct a joint raffle as long as the following conditions are met:

1. Approval from the Commission is granted before sales of tickets begin;
2. Specifics relating to how income and expenses will be handled among the licensees are disclosed in writing along with the approval request;
3. A separate bank account is established for all deposits and expenditures;
4. Each licensee keeps separate records relating to their income and expenditures for the raffle; and
5. The gross receipts received by each separate organization will count towards their individual gross receipts limit.

(See sample joint agreement form in back of handout)

**230-04-260**

**Effect of exceeding license class income limit.**

A licensee shall not exceed the class limit from the licensed activity. When it becomes apparent that the licensee is going to exceed its licensed class limit, the licensee shall immediately notify the Commission and upgrade its license to the next higher class. The cost shall be the difference between the two classes of licenses, plus \$26.

A licensee failing to comply with the upgrade requirements may be assessed an exceeding class fee, not to exceed 50% of the DIFFERENCE between the present class fee and the new license class fee, or \$1,000, whichever is less.

**230-12-030      No beer or liquor as prizes.**

**Exception:** With proper permit from the Liquor Board.

**230-12-040      No firearms as prizes.**

**Exception:** Any legal firearm or air gun may be awarded. Any firearm for which the transfer is restricted by state or federal law shall be awarded by providing the winner a certificate for the prize redeemable by a licensed firearm dealer.

**NOTE:** A raffle offering a firearm as a prize must be conducted as a licensed activity.

**230-12-050      Extension of credit, loans, or gifts prohibited, limited exception.**

No licensee, member, or employee shall extend credit, make a loan, or grant a gift to any person playing in an authorized activity or that would enable a person to play in an authorized activity. Any consideration required to participate in the activity shall be collected in full by cash, check or electronic point of sale bank transfer.

This prohibition does not apply to charitable or nonprofit organizations utilizing credit cards issued by a state and/or federally regulated financial institution for payment to participate in raffles.

**230-12-053      Acceptance of checks--Requirements.**

Checks shall be dated the same day they are offered and fully negotiable upon acceptance by the licensee.

Checks shall not be:

1. A third-party check drawn on an individual's personal account;
2. A counter check offered by the licensee;

3. From a player who has a balance owed to the licensee from a previously returned personal check. However, this shall not apply to a licensee who utilizes a check guarantee and collection service.

**230-04-280**

**Notification to law enforcement.**

Within ten days after issuance and before initially conducting any activity, the licensee, **in writing**, shall notify the local law enforcement agency of the name and address of the business where the activity is being conducted, the date(s) of the activity, and the type of activity being conducted.

**Except**, that those licensed as a class A, B, C, or D raffle are exempt from this rule, as stated in WAC 230-20-400(1).

**230-04-330**

**Change of management.**

If there is any change in management, directors, officers, or any other person that makes any decisions affecting the operation of any gambling activity, the Gambling Commission must be notified in writing when renewing their annual license.

**230-04-147**

**Notification to the Commission upon changes in gambling managers**

Notification shall be made in writing within 10 days of termination, beginning or change of responsibilities for designated gambling managers. See rule for specific information required.

**230-12-310**

**Notification of civil, criminal, and administrative actions.**

The licensee will report to the Commission all civil, criminal, or administrative actions (except for personal injury, debt collection, adoption, paternity, wage disputes, and noncriminal traffic infractions) filed by or against them (including the president, chief executive officer, chairman of the board, treasurer, partner, any person holding a substantial interest as defined in WAC 230-02-300, or the manager of the licensed activity) and will also report the final disposition of each case.

Notification will be made by:

1. Report any criminal actions within fourteen days after they are filed. When the case is resolved, attach a copy of the disposition to the next quarterly activity report filed with the Commission.
2. Report any civil or administrative actions with the next quarterly activity report filed with the Commission; or

3. If no quarterly report is required, then within thirty days of the notice of the action filed.

**230-12-010**

**Inspection of premises, records, and devices.**

At any time during which a licensed gambling activity is being operated upon a premises, any representative of the Commission or local law enforcement may enter a premises without advance notice and conduct an inspection of the premises. As a matter of practicality, since most raffle licensees do not have an actual premises, a telephone call will be made or a letter sent to the organization's raffle manager and/or officers to request records.

Per WAC 230-08-070(6), any records relating to the raffle must be produced within seven days of the request from commission staff. All records must be complete by thirty days following the drawing.

**IV. CONDUCTING YOUR RAFFLE**

**230-04-450**

**Display of licenses.**

The license will be displayed at the location during the occasion when a drawing is being conducted.

NOTE: Per 230-20-325, a photostatic copy of the license may be substituted for the original if necessary.

**230-20-015**

**Prize limits for raffles.**

The limit for a single raffle prize is \$40,000. The maximum prize limit that can be awarded during a twelve-month period is \$80,000.

**Exception:** If an organization wishes to exceed these limits, it must submit a request in writing for approval. Consideration of such request will occur during one of the monthly Commission meetings. Requests should be made in sufficient time to ensure that it may be fully evaluated by staff and presented to the Commissioners in a timely fashion. In most cases, allow at least a three month lead time from when you intend to begin selling tickets.

**230-20-070**

**Regulation of managers, operators, and other employees.** (Who can sell your raffle tickets)

No person other than a bona fide member of a qualified bona fide charitable or nonprofit organization shall take any part in the management



or operation of a raffle conducted by that organization under a license from the Commission.

Persons under the supervision of members may sell raffle tickets if such persons are not directly compensated for such and details of the activity and relationships are made a part of the application for a license to conduct raffles and maintained by the organization to be available to the commission upon request. Applicants or licensees may be charged additional fees to offset costs of evaluating these applications. **Note: This nonmember allowance is only authorized for licensed raffles as described above, and is not allowed for unlicensed raffles conducted under RCW 9.46.0315 and .0321.**

These are some minimal standards the Commission will require to monitor the involvement of nonmembers.

1. Licensees will be required to have a written description of their procedure for disbursing tickets to nonmembers. This written description must be available for inspection by the Gambling Commission and must be provided to all members who will be selling tickets. It will set forth any restrictions regarding who may be given tickets, a method for documenting the number of tickets and ticket numbers disbursed to a nonmember, the member-supervisor's name who will assume responsibility for the nonmember, and the name of the nonmember. Instructions should be given to the nonmember about acceptable marketing of the tickets and necessity of safeguarding funds received. In most of these situations, it is assumed that there will be some sort of relationship with the nonmember, such as a family member, neighbor, fellow employee, business person with whom you do regular business, etc.
2. The member-supervisor will be required to pick up any receipts collected at least weekly. If the tickets are left at a business location, such as a tavern or grocery store, there should be an additional level of controls, for example, one person per shift who is responsible for the tickets and revenue. Some form of documentation should be made for these transactions.

Unacceptable methods of supervision might include dropping off tickets at a local supermarket without obtaining the name of a person to be in charge of the tickets, or putting the raffle tickets in all the cash registers in a supermarket and not having one central location responsible for accounting for the tickets on site.

230-20-300

**Control of raffle prizes.**

**Merchandise Prizes**

When merchandise is to be awarded as a prize, it shall be paid for, in full, without lien or interest of others, prior to the drawing of such prize. If the winner has an option to receive a cash prize in lieu of such merchandise, a licensee may enter into a contract to immediately purchase the merchandise prize after the winner chooses their option. Be sure to retain a copy of the contract for your records or if requested by the Commission.

**Cash Prizes**

All cash prizes shall be available at the time of the drawing in the form of cash or check.

At the time of the drawing, the licensee shall have on deposit an unencumbered amount of money that is equal to or greater than either the total of all cash prizes or the total cost to purchase merchandise prizes for which the winner has an option. All such funds shall be on deposit in the gambling receipts account (if required to have one by WAC 230-12-020) or otherwise in a recognized Washington State depository. The balance of funds available from this account shall not be reduced below the required amount prior to awarding the prize.

230-12-080

**Licensee to maintain copy of commission's rules on premises.**

Each licensee shall maintain and keep current a copy of the rules manual upon the premises where the activity is being conducted and shall be available to **any person** upon demand.

With respect to raffles, the rules manual should be located at the site of the drawing on the date the drawing occurs.

230-20-325

**Manner of conducting a raffle.** (Cost of a raffle ticket)

No person shall be required to pay, directly or indirectly, more than \$25 in order to enter any raffle. All raffle tickets must be sold for the same price, except as described in "Discounted Tickets" (below).

All raffle chances shall be consecutively numbered tickets or other objects imprinted with letters or symbols that are not repeated within the population of all chances sold for a specific raffle.

Chances sold to the general public or for raffles that do not require the winner to be present at the drawing shall have a ticket stub or other detachable section bearing a duplicate number, letter, or symbol corresponding to the number, letter or symbol on the ticket or object representing the player's chance. The portion retained by the seller shall include the participant's name, complete address, telephone number, and/or other information necessary to notify the winner.

All participants must be informed of all rules by either imprinting such on the participant's portion of the ticket or otherwise providing such to each participant in writing. The following information shall be provided to each participant:

1. Cost per chance;
2. Date, time, and location of drawing;
3. Name of organization;
4. Description of all prizes (if the prize is a percentage of the gross receipts of the raffle, a minimum prize must be posted);
5. Whether presence is required in order to be eligible to win a prize.

### **Free Tickets and Incentive Awards**

No free tickets or any opportunity to participate in the drawing of any raffle, shall be awarded or given to a person as a prize, reward for selling raffle tickets, or for purchasing a certain number of raffle tickets except noncash incentive awards may be provided to members selling tickets. Noncash incentive awards are approved as long as:

1. Individual awards do not exceed a fair market value of ten dollars;
2. The awards are based on the number of chances sold; and
3. The fair market value of the total amount awarded for an individual raffle does not exceed two percent of the gross gambling receipts of the raffle (see 230-20-335 for incentive awards limitations for members-only raffles).

No person shall be required to obtain more than one chance to enter a raffle or to pay more than \$25 for the opportunity to participate in the raffle, provided that the sale of more than a single ticket to a single participant or the sale of a booklet of tickets under approval of the director (as outlined below) shall not be deemed a violation of this section.

### **Sales of Discounted Tickets - Approval Required**

A licensee may operate a discount scheme if they receive written approval from the Commission. The approval will be valid for subsequent raffles if the discount scheme remains the same:

1. A petition for approval of a discount scheme must be received at the Lacey headquarters office at least thirty days prior to beginning of the first raffle for which such approval is requested. The petition for approval to sell discounted raffle tickets shall include at least the following:
  - a. A full description of the discount scheme;
  - b. The accounting controls and records to be used; and
  - c. A facsimile of the tickets and booklet cover planned for the raffle.
2. The licensee requesting approval for this activity shall reimburse the commission for all costs in reviewing and approval of such under the guidelines set forth in WAC 230-08-017;
3. The licensee must have a Class E or higher license; *Provided*, that Class C or D licensees may participate discount tickets if all requirements of WAC 230-08-070 are followed (i.e. will keep the same records required of Class E licensees);
4. Participants must be allowed to purchase a single ticket;
5. A single discount scheme is allowed for each raffle. The amount of the discount must be set prior to beginning sales for the raffle and shall not be changed during any raffle. The following restrictions apply to such discounted tickets:
  - a. Discounted tickets must be bundled into booklets that contain the number of tickets set forth in the scheme (i.e. ten tickets if tickets are sold for two dollars each or ten for fifteen dollars, three tickets if tickets are sold for five dollars each or three for ten dollars, five tickets if tickets are sold for five dollars each or five for twenty dollars, etc.)
  - b. Tickets bundled into booklets shall not be removed from the booklet and sold individually;

- c. The booklet cover of each ticket booklet shall be imprinted with a description of the sales scheme that includes the number of tickets included and the total cost of the booklet and a control number that meets the requirements of #2 above.
8. Accounting procedures must be established that provide controls necessary to allow commission staff the ability to audit gross gambling receipts from such tickets.

### **Random Drawing and Alternative Drawing Formats**

Each ticket seller shall return the stubs or other detachable section of all tickets sold and these shall be placed into a receptacle out of which the winning tickets will be drawn. This receptacle shall be designed so that each ticket placed inside has an equal opportunity with every other ticket to be the winner.

An alternative format for a drawing may be used if written approval is received from the Commission (see alternative drawing information sheet for specifics). The alternative drawing format approval will be valid for subsequent raffles if the format remains the same. Some examples of alternative drawing formats are duck races, cow flop (or cow bingo), paddle wheels, etc.

Nonprofit organizations conducting alternative drawing formats such as paddle wheels or bingo horse races need to obtain a raffle license and specific approval for the format, even though it may be done as a members-only activity. The raffle manager should send a request letter to the Commission that describes the format and record keeping in detail.

See back of this document for examples of record keeping for paddle wheel raffles.

**230-20-335**

### **Members only raffles - Procedures and Restrictions**

A raffle may be conducted under simplified procedures if:

1. Only members and no more than 25% guests are sold chances; and
2. All phases of the raffle including ticket sales and drawing are completed within a meeting of the members. This meeting must occur on the same day and same location without interruption.

The simplified procedures and sales and drawing schemes include "penny raffles" and package sales raffles as well as increased limitation on

noncash incentive awards. Raffle records and retention periods are also modified. If you are considering conducting this type of raffle, refer to the text of the rule in the back of this handout. Approvals for alternative drawing formats issued for members-only raffles are effective until revoked by the Commission.

## VI. RECORD KEEPING

230-12-020

**Gambling receipts deposit required . . .--Exemptions.** (Weekly deposits)

A separate gambling account is required for class E and above raffles licenses.

All net receipts from the operation of the raffle (for class E and above) shall be deposited in the licensee's gambling receipts account at least once each week. No expenditures, other than for prizes, shall be made from the raffle receipts until such receipts have been first deposited in the organization's account.

230-08-070

**Raffle records**

Class A, B, C, D, and unlicensed raffles are authorized to use the reduced record keeping requirements of WAC 230-08-015 (see below for specifics). Class E and F raffles and **any raffles being conducted using an approved alternative drawing format** must comply with the following record keeping procedures and enter all information detailed in a standard format prescribed by the commission that will include at least the following:

1. Beginning and ending ticket numbers;
2. The total number of unsold tickets with ticket numbers that are below the highest ticket number sold;
3. Total gross gambling receipts;
4. A description of each prize including the cost, or if donated, the fair market value (FMV);
5. The name, address, and telephone number of each winner of a prize with a cost or fair market value in excess of twenty dollars (GC2-149);
6. Except for members only raffles authorized by WAC 230-20-335, a ticket distribution log (GC2-148) will be maintained to include the

name of the person receiving tickets, the number of tickets disbursed, the number of tickets returned, and all money being returned by ticket sellers.

7. In addition to the other records listed above, the licensee must maintain a raffle summary (GC2-147) and the following items:
  - a. a validated deposit receipt for each deposit of raffle records (note: deposits must be made by the organization on at least a weekly basis whenever funds are received by the raffle manager from ticket sellers);
  - b. all winning tickets;
  - c. all ticket stubs for raffles when participants are not required to be present at the drawing;
  - d. all unsold tickets if the gross receipts of the individual raffle will exceed \$5,000;
  - e. invoices or other documentation recording the purchase or receipt of prizes as well as the purchase of raffle tickets and other expenses of the raffle;
  - f. except for the members only requirement listed in 230-20-335, these records shall be maintained for no less than three years from the end of the licensee's fiscal year in which the raffle was completed. All records must be completed and available for review no later than 30 days following the drawing; however, commission staff or local law enforcement may review any required records prior to the completion date.

## **230-08-110**

### **Prize inventory control -procedures - records required**

An inventory control record shall be maintained for each item purchased or otherwise obtained with an intent to use such as prizes for gambling activities. The inventory control record shall provide at least the following details:

1. A description and quantity of the items purchased;
2. The per-unit cost;
3. The date purchased;

4. The vendor's name (or reference number) and invoice number;
5. The date, number of items, and reasons for items being removed from the inventory (issued as prize, returned to the vendor, converted for use by the organization, etc.) and;
6. Cumulative quantity of items remaining in inventory.

See sample provided in this handout.

### **Custody of Records**

Records must be maintained in the main administrative or business office that is located within Washington State. If the license is held by an organization with more than one chapter or subunit or if the main administrative office is not located within Washington, there shall be a records custodian designated within Washington State. This custodian must retain all original documents and make them available for review or audit at any reasonable location within seven days of a request by commission staff. An organization may also make a request to the Director for alternative records storage if certain criteria are met (see text of rule for specifics)

**230-08-015**

### **Reduced Record Keeping for Class A, B, C, and D raffles**

At a minimum, all raffle license holders are required to maintain a monthly record that contains at least the following:

1. The gross receipts;
2. Full details on all expenses related to the raffle;
3. Total cost of all prizes paid out; and
4. How the proceeds were used or disbursed.

**RCW  
9.46.110**

### **Taxation of gambling activities**

No tax shall be imposed on the first ten thousand dollars of net proceeds from raffles. Taxation of raffles may not exceed ten percent of the gross revenue received less the amount paid for prizes.

Check with your local taxing authority regarding these issues. Per WAC 230-04-400, failure to make required gambling tax payments to local



taxing authorities may be grounds for denial, suspension, or revocation of gambling licenses.

## **SUGGESTIONS FOR AVOIDING DOUBLE SALES/USE TAXATION ON A VEHICLE WON IN A RAFFLE**

Assuming the organization conducting the raffle (licensee) paid the sales tax on the vehicle, as required by WAC 230-20-300, the winner must bring the following documentation to a local Department of Revenue office:

1. Documentation showing that the sales tax has been paid. It should include the following:
  - a. The cost paid for the prize/vehicle; and
  - b. The amount of sales tax paid for the prize/vehicle.

A copy of the completed sales invoice is usually sufficient.

2. Title/Registration showing the winner now owns the prize/vehicle.
3. Documentation showing that the vehicle was won by the winner during a raffle. A letter or something from the licensee stating such is sufficient.

The Department of Revenue will then fill out a "Declaration of Use Tax" form which will waive the sales/use tax. The winner will not have to pay any sales/use tax on the vehicle.

This information comes from the Department of Revenue (DOR). If you have any questions, contact your local DOR office or call 1-800-753-5525.

## **HELPFUL “HOUSE RULES” FOR RAFFLES**

Many times there are situations that arise in raffles that are not specifically addressed in the raffle rules. Here are some situations that have been reported by licensees and suggestions as to how to handle them.

### ***Can I allow members and/or officers of my organization to purchase tickets in our raffle?***

A lot rests on the perception of the public and how your organization chooses to handle this issue. Often there is an assumption that purchasing tickets is another way that the membership supports the fund raising efforts of the organization. However, if a valuable prize is won by a member or someone on your executive board, be prepared for negative comments.

As long as your procedures for safeguarding and drawing winning tickets are fully disclosed and conducted in an open manner, the public should be less likely to feel there was some sort of collusion or fraud involved.

If your organization chooses to limit purchases within your membership, be sure this information is disclosed to those members so there will be no hard feelings or misunderstandings. You may also wish to print this information on your raffle ticket.

### ***How do we choose the person to draw the winning ticket?***

Your best option may be to have someone independent of your organization draw the ticket; perhaps a local dignitary such as the mayor, police chief, or church leader. You want to avoid any perceptions of impropriety.

What would the public think if your organization’s president drew his/her own ticket or that of a family member? This relates again to perceptions.

### ***What should we do if no one claims the prize?***

The law has a term called “due diligence.” This is the standard that you should follow to indicate that you made an honest effort to locate the winner. The greater the prize, the more “diligence” you should be able to show.

We suggest that you send a certified or return receipt letter to the address on the winning ticket. The letter should state that the winner must respond within a specific (and reasonable) time period in order to claim the prize or it will be forfeited back to the organization (or given to another purpose such as a local charity)

If the person responds that the organization may keep the prize, you may wish to issue a receipt to the winner to indicate they have made a charitable donation to the organization.

If the letter is returned as undeliverable, run an ad in the local newspaper. Retain the evidence of all these attempts along with the rest of your raffle records.

### ***If a prize is unclaimed, can the person with the next winning ticket claim the prize?***

We only recommend that you do this if the raffle is conducted in the format of “need to be present to win.” The winner has a reasonable time to come forward during the drawing, and, if not, the

organization can draw the next name to claim the prize.

It would be logistically impractical to attempt to contact all winners subsequent to an unclaimed prize and start “trading their prizes up.” You would also have to deal with the problem of redeeming previously claimed prizes to redistribute them.

If your organization has made reasonable efforts to identify a winner and deliver the prize, but is unsuccessful, you are required to make the proper notation within your raffle records and retain the prize for proper disposition. Proper disposition must be in keeping with the organizational purposes of the organization. Do not simply tell your raffle manager to take the prize home unless there is some way you can justify that to your organizational purposes (and that is unlikely).

Remember to fill out the prize inventory log as required. You may choose to award the prize in another gambling activity such as a bingo game or sell it. If you sell it, be sure that you do not select a price that is less than a fair market value.

### ***Which prize should we draw first?***

Traditionally, the highest valued prize is drawn first. However, there is no rule for which prize is drawn first.

You may want to draw the highest prize last for the suspense factor. In the past, there have been complaints about using this method, too. It was pointed out that since you drew a ticket for one of the lower prizes before the highest valued prize ticket was drawn, that early-drawn ticket was removed from the chance to win the large prize.

One way to accommodate this type of complaint, yet keep the suspense factor, is to draw the tickets first, then announce them in reverse order. If you do this, be sure that the tickets cannot be switched or you will likely receive complaints.

### ***If we don't want to deal with unclaimed prizes, may we draw back-up tickets?***

Yes, but again, be sure you retain good control regarding the order in which the extra tickets were drawn. If someone chooses not to claim an expensive prize, you may have a problem if a back-up winner feels that you picked someone else out of order over them to claim the prize.

Remember, you are not required to give the unclaimed prizes to anyone other than the original winner. Your organization may retain the unclaimed prize and use it again for another raffle, provide it as an item for bid in an auction, or sell it at fair market value. Be sure to complete the prize inventory log to indicate the eventual use for the item. For example, if you have stuffed toys left over and donate them to a local hospital, request documentation of the donation from the hospital.

Whatever use the prize is put to, be sure that it meets your organization's stated goals and purposes. Any revenue raised belongs in your organization's bank account.

### ***What should I do if the winner does not want to accept the prize?***

That is certainly the prerogative of the winner. Because the winner now owns the prize, if it is given back to the organization, it qualifies as a charitable donation. If the item has a substantial value, it would be appropriate to issue the winner a letter or receipt that could be kept for their tax records.

The winner also would have the option to take the prize and give it to a friend or family member. If you would really rather not deal with having the prize returned, you may wish to suggest these other alternatives to them.

***What should I do if I cannot read the information printed on the raffle stub?***

It would be a good idea to state that winner information must be CLEARLY printed in order to ensure that winners can be contacted. You should also train your ticket sellers to review the tickets for clearly written names and addresses. Sometimes abbreviations that are commonly known in one community will mean nothing to those conducting the raffle.

***Are there ways we can increase our net return by cutting down on some of the expenses?***

The most obvious method of cutting down on expenses is finding sponsors who will donate prizes or sell them to you at a reduced cost. Anyone donating a prize for your raffle will probably request that you give them positive publicity by noting their donation on the advertising for the raffle and/or on the raffle tickets. You should also be prepared to give the sponsor a receipt for their tax records.

Another method to off-set costs is to approach local vendors to help with the cost of printing tickets. They may be interested in paying for the printing costs if you allow them to place promotional coupons for their product on the back of your raffle tickets.

If you have any questions or comments regarding the information in this handout, please contact one of our field offices:

Tacoma.....(253) 471-5312  
Everett.....(425) 339-1728  
Spokane.....(509) 329-3666